

# Memorandum

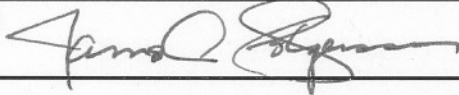
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Katy Allen  
Ralph G. Tonseth

**SUBJECT:** SEE BELOW

**DATE:** 07-21-04

Approved



Date

7.23.04

Council District: Citywide

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT-  
AIRPORT BOULEVARD - TERMINAL DRIVE IMPROVEMENTS PROJECT**

## RECOMMENDATION

Approval of Contract Change Order No. 9 with Granite Construction Company, for the Norman Y. Mineta San José International Airport – Airport Blvd – Terminal Drive Improvements Project, in the amount of \$225,000, for a total contract amount of \$3,687,514, and approval of an increase in the project contingency in the amount of \$151,569, from \$321,000 to \$472,569. CEQA: Resolution Nos. 67380 and 71451, PP 04-04-107.

## BACKGROUND

On June 25, 2002, Council awarded a construction contract to Granite Construction Company in the amount of \$3,214,945 for the Airport Boulevard – Terminal Drive Improvements Project.

The Airport Boulevard – Terminal Drive Improvements Project implemented the one-way counterclockwise loop for terminal area traffic, eliminating two traffic signals at the Airport. The project also included a ground transportation center just south of the Terminal A Garage and major new electric, gas, water, sewer, and telecommunication utilities relocated to clear the way for future construction. The project was substantially complete in April 2003.

## ANALYSIS

Subsequent to substantial completion, the contractor, Granite Construction Company, submitted claims for various items of work on the project. The claims included extended overhead, construction acceleration, construction delays and over 40 individual claims for extra work. Due to the large number of individual items and the complexity of the disputed items, the contractor

and City staff agreed to use a facilitated dispute resolution process and share the expense of the facilitator.

The dispute resolution process included numerous meetings chaired by the facilitator. Both fact-finding and negotiations occurred at these meetings. Key members of the project team from both parties participated in the meetings.

Contract Change Order No. 9 addresses the settlement of all remaining items as a lump sum payment to the contractor. The original contractor claim of additional costs for these items was \$519,347. After negotiations and a detailed review of the claim, the contractor indicated that they would accept \$225,000 as fair compensation for all remaining items. The contractor, City staff and the facilitator believe this is a fair settlement for these items.

Because the total of all contract change orders exceeds the current contingency, it is also recommended that the construction contingency be increased by \$151,569. This amount is within the currently adopted budget for the project and no additional budget increase is necessary. The final contingency amount of \$472,569 is 15% of the original contract amount. This compares favorably with the current Council policy for remodel construction (15% standard contingency), which was adopted after this project was awarded.

#### **AIRPORT MASTER PLAN CONSISTENCY**

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. This project provides a necessary and related component that is expressly identified in the Airport Master Plan; and, is therefore consistent with the Airport Master Plan under Municipal Code Section 25.04.210 (B) (2).

#### **PUBLIC OUTREACH**

Not applicable.

#### **COORDINATION**

This change order has been coordinated with the City Attorney's Office, the City Manager's Budget Office and the Department of Planning, Building and Code Enforcement.

**COST IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$225,000

2. COST OF PROJECT:

Project Delivery	\$1,061,000
Construction	3,223,773*
Previous Change Orders	238,741
Change Order No. 9	225,000
Remaining Contingency	<u>00</u>
<b>TOTAL</b>	<b>\$4,748,514</b>

\* Total payment based on actual in-place quantities

3. SOURCE OF FUNDING: 527-Airport Renewal and Replacement Fund  
529-Airport Passenger Facility Fund

4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract	2004-05 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
527	4442	Airport Blvd – Terminal Drive Improvements	122225	\$240,000	\$53,363	N/A	6/22/04-Final MBA
529	5064	Terminal Drive Improvements	122235	\$382,000	\$98,351	N/A	6/22/04-Final MBA
527	6740	Skyport Grade Separation	122245	\$600,000	\$73,286	N/A	6/22/04-Final MBA
		<b>Total</b>		<b>\$1,222,000</b>	<b>\$225,000</b>		

HONORABLE MAYOR AND CITY COUNCIL

07-21-04

**Subject: SJIA – Airport Boulevard – Terminal Drive Improvements Project Contract Change Order No. 9**

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**CEQA**

Resolution Nos. 67380 and 71451, PP 04-04-107.

*Katy Allen*

KATY ALLEN  
Director, Public Works Department

*Frank Kirkbride*

*for*

RALPH G. TONSETH  
Director of Aviation  
Airport Department

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